

**Evaluation of payment model for  
employment support for young people from  
disadvantaged BAME communities  
programme**

**Final Report**

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## Introduction

This document presents findings from the evaluation of the payment model for the European Social Fund (ESF) Young Black Asian Minority Ethnic (BAME) employment programme.

The Greater London Authority (GLA) commissioned Learning and Work Institute (L&W) to conduct the evaluation in order to examine the programme's delivery and payment model and explore the extent to which it incentivises in work progression and support participants into better paid work.

This document presents findings based on qualitative interviews with a small number of stakeholders and staff involved in the management and delivery of the programme and quantitative analysis of programme management information.

## Young BAME programme

The BAME programme was designed by GLA and commissioned by the ESFA in 2016. The programme was designed to address the additional barriers faced by people from ethnic minority communities in the labour market, both in terms of employment and pay. As such, the programme aims to support unemployed young BAME people to enter and sustain work through the provision of holistic support designed to tackle the specific barriers faced by different communities.

To encourage a focus on earnings as well as employment entry, a payment by results model was adopted, which includes an additional top up payment for participants who earn the weekly earnings equivalent of the London Living Wage x 35 hours at 26 weeks point.

At the programme outset, it was expected that 30 per cent of those entering work would achieve London Living Wage (LLW) or higher.

The programme is delivered by one prime provider who delivers across the four sub-regions of London, using a range of sub-contractors to support delivery.

## The Evaluation

This document presents findings from a small number of qualitative interviews with key stakeholders and staff to provide an initial assessment of the payment model and its impact on support.

The evaluation also includes a review of the programme's management information, to assess the effect of the earnings target in the payment model on participants' employment and earnings outcomes.

## Design and implementation of the programme

The Young BAME programme is a programme of holistic support for workless young people from particular BAME groups to enter and sustain work, with earnings equivalent to the LLW x 35 hours.

- The programme is aimed at unemployed young people, aged 18-24, who identified as Black or Black British, mixed ethnicity, Pakistani or Bangladeshi, Arab, Gypsy or Irish Traveller or as a refugee.
- Participants must be qualified to Level 2 or below or have been previously placed on the Work Programme.
- Participation in the programme is voluntary, with participants referred to the programme through a range of pathways, including Jobcentre Plus (JCP), local community and Voluntary and Community Sector (VCS) organisations and programme outreach. The programme also accepts self-referrals from eligible participants.
- Participants typically face complex and multiple needs, including limited skills, qualifications and experience of employment, a lack of proficiency in English language and limited familiarity with support programmes and services.

A range of holistic support is provided to participants, including:

- One-to-one support and coaching through an employment adviser-led model;
- Employability-related support, such as supported job search, application skills and interview advice;
- Regulated and non-regulated learning provision, including job-specific qualifications and soft skills development. Regulated learning is the provision of learning that is accredited and leads to a qualification or certificate, whilst non-regulated learning does not lead to a recognised qualification;
- Referrals and signposting to partner services, including health, housing, employment and skills-related support;
- Employer brokerage service aimed at supporting individuals into employment and apprenticeships. This includes linking participants with suitable job opportunities and employers;
- In-work support for participants who have achieved an employment outcome for a period of up to six months. This is oriented towards helping participants to sustain work through advice and support and helping them to progress into new employment if necessary.

## Payment model structure

The payment model operated by the programme comprises a mixture of attachment payments and payment based on specified outcomes and deliverables:

1. **Attachment to programme** - £300 per participant
2. **Job or apprenticeship entry** - £1,150 per participant
3. **Job or apprenticeship sustainment (at 26-week point)** - £2,900 per participant
4. **Weekly earnings equivalent to London Living Wage x 35 hours (at 26-week point)** - £1,350 per participant

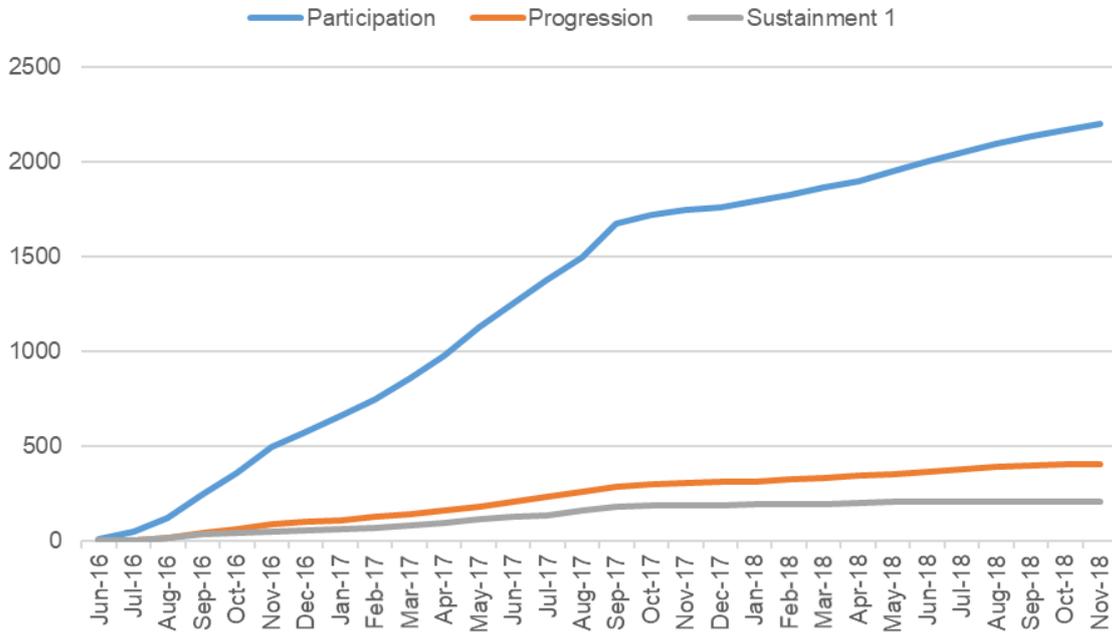
## Programme outcomes

### Registrations, progressions and sustainments

Figure 1.1 below illustrates the cumulative number of programme participants, progressions and sustainments. Data related to the attainment of the uplift target was not available as this information was not captured by the provider. At the time of writing, the BAME programme was still in operation. As a result, any figures quoted do not reflect final performance rates.

Up to November 2018 2,205 participants had joined the programme. As shown by Figure 1.1 registrations to the programme increased consistently between June 2016 and August 2017. Whilst cumulative figures have continued to increase, growth in participation figures has been significantly more gradual between August 2017 and November 2018.

**Figure 1.1 Cumulative number of participants, progressions and sustainments to date**



Base: all programme participants = 2,205

In total there were 401 progressions, equivalent to an overall progression rate of 18 per cent. Similar to the growth of registrations to the programme, progressions grew consistently up to August 2017. Between August 2017 and November 2018 progressions continued to grow, albeit at a much slower pace.

Over this period, there were 204 sustainments, equivalent to an overall sustainment rate of 9 per cent. Initially the pattern of growth mirrors that of progressions and sustainments, with accelerating growth up to August 2017. However, between August 2017 and November 2018 there has been a significant slow-down, with no new sustainments reported since April 2018.

**Comparison with previous ESF BAME programmes (2007-13)**

The average job entry rate of BAME programmes in London during ESF 2007-13 (as measured over 8 programmes) was 22 per cent. In comparison, the current rate of job entry for the 2016-19 programme is 18 per cent.

At current performance, this places the 2016-19 programme below average 2007-2013 performance rate of BAME programmes in London. This could be because of number of reasons including different local economic factors, variations in support provided and the client group or the introduction of the uplift target. It should also be noted that the 2016-19 programme is still in operation, as such the job entry rate of the 2016-19 could reach or

surpass the 2007-13 average. It will be necessary to compare the final job entry rate upon programme completion to make a meaningful comparison.

### **Uplift target**

Data related to the hourly wages of participants or the attainment of the uplift target was not available. This prevented any analysis of the impact of the uplift target on the starting wage of participants and overall programme performance to date.

However, qualitative interviews with programme staff suggest that performance in relation to the uplift target was poor, with minimal numbers of participants reaching the 26-week point with weekly earnings equivalent to London Living Wage x 35 hours or higher.

### **Provider views of and the payment model**

Staff were sympathetic to the purpose of the additional earnings uplift target and its aim of supporting participants into 'better paid' employment opportunities. However, they reported a range of obstacles which they felt prevented the achievement of this. This included programme participants typically faced a range of entrenched barriers and complex needs, including patchy work history and limited basic skills and qualifications. Staff reported that it was particularly challenging to place participants into well paid employment. For example, job outcomes commonly represented participants' first job. Providers felt it was unrealistic to expect participants to achieve the London Living Wage without prior employment experience.

Staff also felt that a limited availability of jobs which paid London Living Wage or higher in the area, particularly jobs which matched the skills and capabilities of participants on the programme, impacted on the performance of the uplift target. Providers explained that the local labour market impacted heavily on outcome rates, as some young people are unlikely to gain employment in boroughs different to where they live.

Providers brokerage activity also struggled to engage with employers which paid LLW or higher – although it seems this was largely focussed on employers from low paid sectors, for example care, retail and administration. This limited the opportunities available to achieve the uplift target. Providers felt this was largely due to employers being able to fill vacancies with low pay without difficulty, and as such having limited incentive to pay higher wages.

Staff also stated that defining the earnings outcome as weekly earnings of the equivalent of LLW x 35 hours was particularly challenging for individuals who were working in part-time roles, who would not qualify for an uplift payment even if they were being paid an hourly wage of LLW or higher.

Some of the job outcomes achieved by participants were apprenticeships, which often pay the apprenticeship national minimum wage (currently £3.70 per hour). As a result,

participants obtaining apprenticeships were very unlikely to achieve the wage uplift target. Staff were concerned that the wage uplift target may cause providers to be averse to targeting apprenticeships, despite the fact they may offer better long-term opportunities to participants than work which may have higher initial rates of pay.

Staff also explained that having the wage uplift payment based at the 26-week point made it more difficult to gather the evidence, because there was a high likelihood of losing contact with participants prior to 6 months. Providers felt that gathering the relevant evidence from employers at the point of the job outcome would be a smoother and simpler process.

Staff reported that the earnings target introduced a trade-off for both participants and staff. For participants there was a trade-off between obtaining a low-paid job within a shorter amount of time, or spending a longer period of time out of work in the hope of entering a higher paid role. It took longer to enter better paid work because of fewer jobs paid at LLW, and the longer duration needed to support and upskill participants to the level required to obtain better paid work. As participants were workless at the point of engaging, and often keen to enter work as soon as possible, they were often unwilling to defer entering employment in the hope of achieving better paid work in the future.

Providers experienced a trade-off between supporting individuals into any employment and solely focussing on jobs paid at the LLW, which again would take a lengthier period. Staff felt that it would be unfair to deter workless individuals from entering employment for the sake of trying to support them into higher paid work in the future. Providers also reported that this strategy could involve resourcing risks. Staff felt that the uplift payment did not adequately compensate them for potential losses in entry or sustainment payments which could occur if they solely focussed on LLW jobs.

Staff generally concurred that it was better to place individuals into any suitable employment as soon as possible. However, due to the aforementioned barriers, this was unlikely to be paid at LLW or higher.

One possible method to reach the uplift payment whilst not delaying individuals' entry into employment was to provide additional support to in-work participants to help them to progress. However, staff reported that it had been difficult to keep individuals engaged with in-work support. Where this was provided, in-work support was typically light-touch and focussed on general advice and guidance to sustain their roles, as opposed to helping participants to progress into better paid, higher quality work.

In light of the difficulties experienced by staff in achieving the uplift target, the provider had taken a relaxed approach to enforcing individual and team targets in this area.

## Conclusions and suggestions

Overall, stakeholders felt that the programme's model of support has been successful at engaging with the target group and supporting individuals into employment through the provision of a range of holistic support options. The evaluation shows that the programme is currently performing at a job entry rate of 18 per cent and a job sustainment rate of 9 per cent.

A comparison of programme performance with previous ESF-funded BAME employment programmes operating in London over 2007-12 shows that the programme is currently performing close to the average job entry rate, of 22 per cent. Given the programme has yet to reach completion, the performance could meet or surpass the average, suggesting the programme is not severely under-performing. However, a range of contextual factors such as local labour market factors, the client groups targeted and support model should be taken into account in order to provide meaningful analysis. It will be necessary to compare the final job entry rate upon programme completion to make a meaningful comparison

Data related to the hourly wages of participants or the attainment of the uplift target was not available. This has prevented any analysis of the impact of the uplift target on the starting wage of participants and overall programme performance to date. As such, it is not possible to conduct a full analysis of the impact of the uplift target on the hourly wage of participants or on programme performance. In the future, in order to conduct a full analysis of the impact of mechanisms designed to improve the wages of participants, it will be necessary for programme commissioners and providers to capture the necessary data. This should be borne in mind when setting outcome targets for future programmes.

Qualitative findings suggest that despite the clear rationale of supporting individuals into 'better paid' work, the introduction of the uplift has not had a considerable effect on the hourly wages of programme participants, with staff describing severe challenges in reaching the uplift target. This arose from difficulties experienced aligning the main objectives of the programme – supporting NEET BAME young people into employment and targeting job outcomes paid at LLW or higher.

Based on these findings, we have made some suggestions for changes to better support the achievement of better-paid job outcomes for this group:

- There is more that could be done by providers' employer brokerage teams to engage with and target employers who pay the LLW. By doing this, providers would be better able to link participants with suitable employers and job opportunities which pay LLW. This could include expanding the types of employers and sectors typically targeted, beyond low-paid sectors, and establishing partnerships with relevant stakeholders (for example the Living Wage Foundation). Providers could also utilise

their existing links with employers to communicate the benefits and opportunities of paying LLW, to increase the number of employers doing so.

- Providers noted a trade-off between supporting individuals to achieve wages at LLW or higher and taking longer to gain employment. This can be addressed, as providers noted, by supporting participants to enter employment which meets their needs, skills and aspirations and, if this is not paid at LLW, considering this as a stepping stone to higher paid work. For this to work in practice, a key component of provision should be sustained tailored in-work support oriented towards helping participants to progress their earnings— either in their initial role or externally. This service offer should be established at the initial point of engagement, with participants and advisers devising a progression plan to attain employment paid at LLW or higher within a set period. Consideration should be given to the type of initial role they enter, and how this relates to their overall goal. This would also support providers' efforts to keep in touch with participants in order to gather earnings data beyond the point of job entry.
- The funding model appears, from the discussions with staff to date, not to have been effective at encouraging providers to support participants to obtain job outcomes at LLW or higher. A change in payment model may be needed to better align with the proposed model of support, and to incentivise progressions. This would likely involve changing the timescale for achieving the earnings outcome, with 26 weeks being too short. However, any changes in the funding model need to avoid the risk of becoming too complex or burdensome for providers.